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**Ye Xing Group Holdings Limited**  
**燁星集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1941)

**ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR  
ENDED 31 DECEMBER 2021**

**2021 RESULTS HIGHLIGHTS**

- For the year ended 31 December 2021, the Group's total revenue was approximately RMB336.8 million, representing an increase of approximately RMB75.4 million or about 28.8% as compared to that of approximately RMB261.4 million for the year ended 31 December 2020. For the year ended 31 December 2021, revenue generated from property management services, property developer related services and value-added services contributed 77.0%, 12.9% and 10.1% to the total revenue, respectively.
- The revenue generated from property management services segment increased by approximately RMB67.3 million, or about 35.1% as compared to that in 2020. The GFA under management increased by approximately 4.2 million sq.m. to a total of 11.8 million sq.m..
- The revenue generated from property developer related services slightly decreased by approximately RMB2.3 million, or about 5.0% to approximately RMB43.4 million year on year.
- The revenue generated from value-added services increased by approximately RMB10.3 million, or about 43.1 % to approximately RMB34.2 million year on year.
- Total profit and comprehensive income amounted to approximately RMB31.2 million, representing an increase of approximately 50.0% year on year.

The Board announces the audited consolidated results of the Group for the year ended 31 December 2021, with comparative figures for the year ended 31 December 2020. These final results have been reviewed by the Audit Committee.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

	<i>NOTES</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	4	<b>336,828</b>	261,405
Cost of services		<u>(247,198)</u>	<u>(197,927)</u>
Gross profit		<b>89,630</b>	63,478
Other income	5(a)	<b>4,057</b>	9,047
Other gains/(losses)	5(b)	<b>1,691</b>	(227)
Loss on disposal of a subsidiary	14	<b>(2,401)</b>	–
Administrative expenses		<b>(43,693)</b>	(33,315)
Net (increase)/decrease in impairment loss		<b>(4,074)</b>	147
Selling expenses		<b>(972)</b>	(2,305)
Listing expenses		–	(4,853)
Interests on lease liabilities		<u>(65)</u>	<u>(109)</u>
Profit before tax		<b>44,173</b>	31,863
Income tax expense	6	<u>(12,966)</u>	<u>(11,101)</u>
Profit and total comprehensive income for the year	7	<u><b>31,207</b></u>	<u>20,762</u>
Profit and total comprehensive income for the year attributable to:			
– Owners of the Company		<b>30,723</b>	20,706
– Non-controlling interests		<b>484</b>	56
		<u><b>31,207</b></u>	<u>20,762</u>
Earnings per share (RMB cent)			
– Basic	8	<u><b>7.58</b></u>	<u>5.40</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		38,017	17,848
Intangible assets		18,866	3,500
Deferred tax assets		–	549
Right-of-use assets		1,165	811
Goodwill		29,330	1,519
		<u>87,378</u>	<u>24,227</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	108,775	37,246
Amounts due from related parties	11	106,276	88,648
Bank balances and cash		167,139	277,680
		<u>382,190</u>	<u>403,574</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12(a)	116,719	125,474
Contract liabilities	12(b)	81,202	67,949
Lease liabilities		538	968
Tax liabilities		3,812	32
		<u>202,271</u>	<u>194,423</u>
<b>NET CURRENT ASSETS</b>		<u>179,919</u>	<u>209,151</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>267,297</u>	<u>233,378</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		180	16
Deferred tax liabilities		2,548	–
		<u>2,728</u>	<u>16</u>
<b>NET ASSETS</b>		<u>264,569</u>	<u>233,362</u>

	<b>2021</b>	2020
<i>NOTES</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>3,650</b>	3,650
Reserves	<b>260,379</b>	229,656
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Total equity attributable to owners of the Company	<b>264,029</b>	233,306
Non-controlling interests	<b>540</b>	56
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<b>TOTAL EQUITY</b>	<b>264,569</b>	233,362
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## NOTES

### 1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) on 26 March 2019.

The Company's holding company is Ascendor Futur Holding Limited ("Ascendor Futur"), a limited company which was incorporated as an exempted company with limited liability in the British Virgin Islands (the "BVI").

The shares of the Company have been listed on Main board of The Stock Exchange of Hong Kong Limited on 13 March 2020.

The consolidated financial statements is presented in RMB, which is the same as the functional currency of the Company.

### 2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the principles of merger accounting.

### 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSS

#### (i) Adoption of new/revised HKFRSs – effective 1 January 2021

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – phase 2
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Amendments to HKFRS 16	Covid-19-related rent concession
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In addition, the Group has early adopted the Amendment to HKFRS 16 Covid – 19 related rent concessions beyond 30 June 2021.

**(ii) New/revised HKFRSs that have been issued but are not yet effective**

Other than the amendments to HKFRS 16 Covid 19-related rent concession beyond 30 June 2021, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for financial year beginning 1 January 2021. These new and revised HKFRSs include the following which may be relevant to the Group:

Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>3</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>
HKFRS 17	Insurance contracts and the Related Amendments <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

#### **4. REVENUE AND SEGMENT INFORMATION**

Revenue represents the net amounts received and receivable for (i) property management services, (ii) property developer related services, and (iii) value-added services.

Information reported to the directors of the Company, being the chief operating decision maker (“CODM”) of the Group, for the purpose of resources allocation and assessment of segment performance focuses on the revenue analysis of each operating segment in the provision of property management services, property developer related services and value-added services of the Group. Other than the revenue analysis as set out below, no operating results and other discrete financial information including geographical location by operating segments relating to provision of property management services, property developer related services and value added services is prepared regularly for internal reporting to the CODM for resources allocation and performance assessment.

No analysis of segment assets and segment liabilities is presented as this information is not regularly provided to the CODM for review.

## Revenue from major services

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Type of services		
Property management services	259,197	191,851
Property developer related services	43,462	45,679
Value-added services	34,169	23,875
	<u>336,828</u>	<u>261,405</u>

## Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Fellow subsidiaries ( <i>Note</i> )	<u>49,141</u>	<u>50,032</u>

*Note:* The fellow subsidiaries are companies in which the controlling shareholders of the Company has beneficial interest.

## 5. OTHER INCOME AND OTHER GAINS/(LOSSES)

### (a) Other Income

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income from IPO subscription	–	2,457
Bank interest income	2,377	899
Value-add tax refund	1,680	–
Loans interest income	–	5,087
Others	–	604
	<u>4,057</u>	<u>9,047</u>

(b) Other gains/(losses)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(Loss)/Gain on disposal of property, plant and equipment	(4)	2
Government subsidy	2,326	–
Net exchange loss	(507)	(696)
Others	(124)	467
	<u>1,691</u>	<u>(227)</u>

6. INCOME TAX EXPENSE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
PRC Enterprise Income Tax (“EIT”)	14,115	11,063
Deferred tax	(1,149)	38
	<u>12,966</u>	<u>11,101</u>

Under the Law of the People’s Republic of China on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

No provision for taxation in Hong Kong has been made as the Group’s income neither arises in, nor is derived from, Hong Kong for the years ended 31 December 2021 and 2020.

The Company and the group entity incorporated in the BVI are not subject to income tax in the Cayman Islands or any other jurisdiction.



## 7. PROFIT FOR THE YEAR

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration		
– audit services	1,700	1,987
– other services	600	726
	<u>2,300</u>	<u>2,713</u>
Directors' emoluments	3,361	2,641
Other staff's salaries and other benefits	76,283	68,369
Other staff's contributions to retirement benefit scheme	16,266	5,194
Other staff's contributions to housing provident funds	2,706	2,071
	<u>98,616</u>	<u>78,275</u>
Depreciation for property, plant and equipment	4,808	1,044
Depreciation of right-of-use assets	1,188	866
Amortisation of intangible assets	1,528	1,000

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share during the year ended 31 December 2020 was based on the assumption that the reorganisation and the capitalisation issue as detailed in “History, Reorganisation and corporate structure” and “Share Capital” in the Prospectus had been effective on 1 January 2020.

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Earnings for the purposes of basic earnings per share, as appropriate (Profit for the year attributable to owners of the Company)	<u>30,723</u>	<u>20,706</u>
	<b><i>Number of shares</i></b>	<b><i>Number of shares</i></b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>405,310,000</u>	<u>384,519,534</u>

No diluted earnings per share is presented for each of the years ended 31 December 2021 and 2020 as no potential ordinary shares were in issue during those years.

## 9. DIVIDENDS

No dividend was declared or paid by the Company for the years ended 31 December 2021 and 2020.

## 10. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 RMB'000
Trade receivables		<b>52,890</b>	30,983
Less: allowance for credit losses		<u>(4,915)</u>	<u>(1,760)</u>
		<b>47,975</b>	29,223
Other receivables:			
Refundable deposits	(a)	<b>38,454</b>	–
Deposits	(b)	<b>774</b>	936
Prepayments		<b>9,027</b>	3,142
Payments on behalf of residents	(c)	<b>5,000</b>	3,052
Advances to staff		<b>5,210</b>	1,213
Others		<b>3,665</b>	205
Less: allowance for credit losses		<u>(1,330)</u>	<u>(525)</u>
		<b>60,800</b>	8,023
Total trade and other receivables		<b>108,775</b>	37,246

### Notes:

- (a) During the year ended 31 December 2020, the Group entered into a sole agency services agreement (the “Agreement A”) with a fellow subsidiary, pursuant to which the Group agreed to provide agency services to the fellow subsidiary, by sourcing potential purchasers and providing assistance in entering into sales contracts with buyers with respect to unsold car park spaces developed by the fellow subsidiary (the “Agency Services”). The Agreement A expired on 19 May 2021, which may be renewed as the parties may mutually agree. Pursuant to the Agreement A, the Group is required to pay to the fellow subsidiary a refundable deposit (the “Deposit”) up to the total minimum sales price of the car park spaces to be sold under the Agreement A. Upon completion or termination of the Agreement A, the remaining sum of the Deposit in respect of unsold car park spaces, if any, will be refunded to the Group in full.

During the year ended 31 December 2021, the Group entered into another sole agency services agreement (the “Agreement B”) with the fellow subsidiary, pursuant to which the Group agreed to provide Agency Services to the fellow subsidiary’s unsold car park spaces and certain unsold areas under the project. The Agreement B expired on 31 December 2021, which may be renewed as the parties may mutually agree. Pursuant to the Agreement B, the Group is required to pay to the fellow subsidiary the Deposit under the Agreement B. Upon completion or termination of the Agreement B, the remaining sum of the Deposit, if any, will be refunded to the Group in full.

During the year ended 31 December 2021, the fellow subsidiary became an independent third party due to the change in its shareholder. As a result, the balance of the Deposit amounting to RMB38,454,000 was transferred to “Refundable deposits” included in “Trade and other receivables”.

- (b) The amounts represented the deposits paid for staff quarters, point of sales machines and tendering activities. The deposits are refundable in the next twelve months at each of the end of the reporting period and therefore the amounts are classified as current assets.
- (c) The amounts represented the amounts paid on behalf of residents to the utilities service providers for the services provided.

Property management services income is generally required to be settled by property owners and property developers on the date upon issuance of demand note.

The Group generally grants a credit period of 30 days for its property developer related services and value-added services to its third parties.

The following is an ageing analysis of trade receivables, before the impairment allowance, present based on the date of demand note issued:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0 to 60 days	23,435	22,203
61 to 180 days	8,680	3,590
181 to 365 days	7,455	3,444
1 to 2 years	11,590	1,103
2 to 3 years	1,099	20
Over 3 years	631	623
	<u>52,890</u>	<u>30,983</u>

## 11. AMOUNTS DUE FROM RELATED PARTIES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade nature		
Fellow subsidiaries	<u>104,662</u>	<u>77,320</u>
Non-trade nature		
Fellow subsidiaries ( <i>Note</i> )	<u>1,614</u>	<u>11,328</u>
Total	<u>106,276</u>	<u>88,648</u>

*Note:* The amount mainly represented the Deposits paid to the fellow subsidiaries. During the years ended 31 December 2021 and 2020, the Group entered into sole agency services agreements with fellow subsidiaries, pursuant to which the Group agreed to provide Agency Services to the fellow subsidiaries’ unsold car park spaces. Pursuant to the agreements, the Group is required to pay to the fellow subsidiaries the Deposit up to the total minimum sales price of the car park spaces to be sold under the agreements. Upon completion or termination of the agreements, the remaining sum of the Deposit in respect of unsold car park spaces, if any, will be refunded to the Group in full.

The following is an aging analysis of trade amounts due from related parties presented based on date of demand note:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0 to 60 days	<b>14,166</b>	11,299
61 to 180 days	<b>17,762</b>	16,624
181 to 365 days	<b>19,047</b>	17,660
1 to 2 years	<b>45,258</b>	29,524
2 to 3 years	<b>8,429</b>	2,213
	<b><u>104,662</u></b>	<u>77,320</u>

The Group's non-trade amounts due from related parties were unsecured and interest-free.

## 12. TRADE AND OTHER PAYABLES

### (a) Trade and other payables

	<i>Notes</i>	<b>2021</b>	2020
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables		<b><u>36,987</u></b>	<u>37,769</u>
Other payables:			
Receipts on behalf of residents	<i>(a)</i>	<b>11,948</b>	8,437
Deposits received	<i>(b)</i>	<b>34,208</b>	50,022
Accrued staff costs		<b>14,989</b>	15,645
Accrued contribution to social insurance and housing provident funds		<b>7,830</b>	4,970
Other tax payables		<b>3,269</b>	6,899
Accrued expenses		<b>6,942</b>	1,456
Other payables		<b>546</b>	276
Total other payables		<b><u>79,732</u></b>	<u>87,705</u>
Total trade and other payables		<b><u>116,719</u></b>	<u>125,474</u>

*Notes:*

- (a) The balances represented the receipts on behalf of community residents to settle the utilities bills from utilities suppliers.
- (b) The balances mainly represented by the utility received from the property-owners and residents. The deposits received are repayable on demand and accordingly the amounts are classified as current liabilities.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	<b>2021</b> <b>RMB'000</b>	2020 <b>RMB'000</b>
Within 1 year	<b>29,523</b>	37,271
1–2 years	<b>7,121</b>	147
2–3 years	<b>73</b>	148
Over 3 years	<b>270</b>	203
	<b>36,987</b>	37,769

**(b) Contract liabilities**

The contract liabilities represent the advance from customers for property management services, property developer related services and value-added services. The payment terms vary and depend on the terms of the Group's property management services contracts.

When the Group receives advanced consideration from customers before the property management service activities commence, this will give rise to contract liabilities, until the revenue recognised on relevant contract upon provision of property management services.

All contract liabilities are expected to be recognised as revenue within one year.

### 13. ACQUISITION OF A SUBSIDIARY

On 24 September 2021, the Group entered into a sale and purchase agreement with an independent third party. Pursuant to the sale and purchase agreement, the Group acquired 100% equity interest in Jiangsu Wanhao Property Management Company Limited (“Jiangsu Wanhao”). The total purchase consideration for the acquisition is RMB47,000,000 (the “Jiangsu Wanhao Acquisition”). Jiangsu Wanhao is engaged in the provision of property management services. The acquisition was made as part of the Group’s strategy to expand its market share of property management operation in the PRC.

The fair value of the identifiable assets and liabilities as at the date of the Jiangsu Wanhao Acquisition was as follows:

	<b>Fair value recognised on acquisition RMB’000</b>
Intangible assets	16,894
Property, plant and equipment	101
Right of use assets	242
Trade and other receivables	4,916
Bank balances and cash	1,868
Trade and other payables	(1,809)
Tax liabilities	(76)
Lease liabilities	(242)
Deferred tax liabilities	(4,224)
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Total identifiable net assets at fair value	17,670
Goodwill on acquisition	29,330
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Total consideration satisfied by cash	47,000
	<hr/> <hr/>
Satisfied by:	
Cash	47,000
	<hr/> <hr/>

An analysis of the net cash outflows in respect of the Jiangsu Wanhao Acquisition is as follows:

	<i>RMB'000</i>
Cash consideration	(47,000)
Bank balances and cash acquired	<u>1,868</u>
	<u><u>(45,132)</u></u>

In respect of the acquired subsidiaries, the fair value of trade and other receivables acquired included trade receivables with a fair value of approximately RMB3,186,000. The total gross contractual amount of the trade receivables is approximately RMB3,186,000, of which no balance is expected to be uncollectible.

The goodwill arising from the acquisition is attributable to the growth and profit potential as a result of benefiting from the growing demand in property management services. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since acquisition, Jiangsu Wanhao contributed RMB6,288,000 and RMB664,000 to the consolidated revenue and profit for the year ended 31 December 2021, respectively.

Had the combinations taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been approximately RMB354,340,000 and RMB33,889,000, respectively.

#### 14. DISPOSAL OF A SUBSIDIARY

Pursuant to the share transfer agreement dated 3 July 2021 (the “Disposal Agreement”), the Group disposed of its 100% equity interest in Tianjin Hongsheng Property Services Company Limited (“Tianjin Hongsheng”) to an independent third party, for a consideration of RMB4.2million (the “Tianjin Hongsheng Disposal”).

The carrying values of the assets and liabilities on the date of disposal were as follows:

	<i>RMB'000</i>
Net assets disposed of:	
Property, plant and equipment	37
Deferred tax assets	22
Trade and other receivables	281
Amounts due from the Group (note)	6,910
Amounts due from related parties	2,391
Bank balances and cash	57
Trade and other payables	(1,551)
Contract liabilities	(2,536)
Tax liabilities	(529)
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Net assets	5,082
Goodwill derecognised on disposal	1,519
Loss on disposal of a subsidiary	(2,401)
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Total consideration satisfied by cash	<u>4,200</u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	4,200
Netoff with amount due to Tianjin Hongsheng (note)	(6,910)
Cash and cash equivalents disposed of	(57)
	<hr/>
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u>(2,767)</u>

*Note:* Pursuant to the Disposal Agreement, the consideration payable by the buyer of RMB4,200,000 should be offset with the amount due from the Group of RMB6,910,000, resulting in a net payment of RMB2,710,000 by the Group to the buyer in respect of the Tianjin Hongsheng Disposal.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Business Overview

The Group is a reputable property management service provider offering comprehensive property management and related services for residential and non-residential properties in the PRC. Its parent group, Hongkun Group, is a leading property developer in the Beijing-Tianjin-Hebei Region and has been ranked among the Top 100 Property Developers in the PRC\* (中國房地產開發企業百強). The Group has been ranked one of the Top 100 Property Management Companies in the PRC\* (中國物業服務百強企業) by China Index Academy\* (中國指數研究院) for six consecutive years since 2016 and ranked 40th among the Top 100 Property Management Companies in the PRC\* (中國物業服務百強企業) in 2021. Through upholding the Group's service philosophy of "creating an enjoyable living environment (讓人們住的開心)" and the dedication to the Group's core values of "friendliness, persistence, innovation and excellence" in delivering its services, the Group envisions to become an outstanding property management service provider in the PRC. As at 31 December 2021, the Group provided property management services to properties spanning across 17 cities in the Beijing-Tianjin-Hebei Region, Hainan Province, Hubei Province, Anhui Province, Jiangsu Province, Shaanxi Province, Jiangxi Province and Shanghai, managing a total revenue-bearing GFA of approximately 11.8 million sq.m., comprising 53 residential properties (with over 81,000 units in total) and 20 non-residential properties.

In 2021, the Company achieved revenue of approximately RMB336.8 million, an increase of about 28.8% year on year; realized gross profit of approximately RMB89.6 million, an increase of about 41.1% year on year. The total profit and other comprehensive income amounted to approximately RMB31.2 million, representing an increase of approximately 50.0%. The gross profit margin and net profit margin in 2021 were 26.6% and 9.3%, respectively, representing an increase of 2.3 and 1.4 percentage points as compared with 2020, respectively.

As of the end of 2021, the Group's contracted GFA was approximately 14.2 million sq.m., and the total revenue-bearing GFA under management exceeded 11.8 million sq.m., representing an increase of 29.1% and 55.3% compared with 2020, respectively; the number of the Company's managed residential property projects was 53, with a total revenue-bearing GFA of 10.7 million sq.m., accounting for 90.3% of total revenue-bearing GFA; the number of the Company's managed non-residential property projects was 20, with a total revenue-bearing GFA of 1.1 million sq.m., accounting for 9.7% of the total revenue-bearing GFA.

The table below sets forth our (i) contracted GFA; (ii) revenue-bearing GFA; and (iii) number of properties under our management in relation to the properties for which we had commenced our provision of property management services, as at the dates indicated:

	<b>As at 31 December</b>	
	<b>2021</b>	2020
<b>Residential Properties</b>		
Contracted GFA ('000 sq.m.) <i>(Note)</i>	<b>12,507</b>	9,364
Revenue-bearing GFA ('000 sq.m.)	<b>10,670</b>	6,518
Number of properties managed	<b>53</b>	35
<b>Non-residential Properties</b>		
Contracted GFA ('000 sq.m.) <i>(Note)</i>	<b>1,676</b>	1,633
Revenue-bearing GFA ('000 sq.m.)	<b>1,147</b>	1,119
Number of properties managed	<b>20</b>	19
<b>Total</b>		
Contracted GFA ('000 sq.m.) <i>(Note)</i>	<b>14,183</b>	10,997
Revenue-bearing GFA ('000 sq.m.)	<b>11,817</b>	7,637
Number of properties managed	<b>73</b>	54

*Note:*

Contracted GFA refers to the total GFA managed and the total GFA to be managed by the Group under signed property management service agreements.

## **Future Outlook**

2021 was a year of honing and opportunities for the property management industry. Although affected by the overall macroeconomic and the regulation and policies control on the real estate market, the fundamental and nature of the development of the property service industry have not changed. The Group has continuously consolidated its competitiveness, improved its management system and moved forward with more solid steps.

### ***1. Expand business scale, enhance multi-business model, and seize market share actively***

At the current stage of the industry development, the scale expansion is still focus of the Group. We will continue to concentrate our market expansion on Beijing-Tianjin-Hebei Region, develop Yangtze River Delta, explore Guangdong-Hong Kong-Macao Greater Bay Area and pay attention in Hainan Free Trade Zone” and expand our scale and strengthen our market position through acquisition. At the same time of expansion, we strive to look out for good management and operational standards in the target property management company as the prerequisite for potential acquisition.

In addition to the acquisition, we will enter into more strategic cooperation agreements with high-quality business partners, and constantly explore the business of business consulting, project cooperation and joint venture, to expand our business development model. We will also further optimize the structure, enhance the layout of the multi-business model, enter more market segments, accelerate the expansion of non-residential properties, extend horizontally and vertically, further extend the service capacity and enrich the management business type and service content. We will expand and optimize our professional development team, recruit qualified professionals from benchmarking companies, actively participate in professional training in the industry and improve professional standards.

**2. *Deeply cultivate diversified value-added services in the community to create more value for users***

Focusing on the needs of owners, the Group continues to increase the scope of community value-added services, improve the proportion of value-added services, optimize the revenue structure, launch the strategic development of “service + six ecosystems” around community life services, and integrate multiple services into the property system by taking advantage of the diversified development of resources and industrial synergy among multiple business platforms, form a community service ecosystem. We are committed to becoming a housekeeper for the customers, so as to provide multi-directional and one-stop asset management solutions in education, finance, community, health, business and culture, such as housekeeping services, house leasing, asset management, house decoration services, etc. by maintaining and exploring more cooperation opportunities with well-known businesses in the industry, The successful cooperation mode is popularized and copied, provides great potential for the future performance growth of the enterprise, and maintains the stable growth of performance.

**3. *Continuously upgrade the service capacity and create a warm and happy community***

The Group is committed to becoming a better life service provider, adheres to taking the owner’s service as the core of property management service, and pays more attention to the continuous supply capacity of high-quality service while paying attention to the service quality. By specifying management, constantly repeatedly calculate the customer service standard system of the whole life cycle, optimize the service process, create a service benchmark, form two service product lines of residential and non-residential to meet the needs of customers of different business types, realize the systematization and standardization of the whole life cycle service, and realize the rapid replication of service standards to escort customer satisfaction.

Looking forward to 2022, under the normative requirements of policies, with the further development of the property management industry, people’s demand for services continues to grow, and the property management industry will still be in a high-quality track with high growth, high certainty and favorable policies. The Group will continue to uphold the mission of “creating an enjoyable living environment” (讓人們住的開心), take customers as the center, treat customers sincerely and provide excellent service, continuously consolidate its competitiveness in growth, realize high-quality and rapid growth around the three dimensions of expanding scale, increase revenue and excellent service, and continue to reward to all employees and shareholders with high-quality and sustainable growth.

## FINANCIAL REVIEW

### Results of Operations

The Group's revenue was mainly derived from property management services, property developer related services and value-added services. For the year ended 31 December 2021, the Group's total revenue was approximately RMB336.8 million, representing an increase of approximately RMB75.4 million or approximately 28.8% as compared to that of approximately RMB261.4 million for the year ended 31 December 2020. For the year ended 31 December 2021, the revenue generated from property management services, property developer related services and value-added services contributed 77.0%, 12.9% and 10.1% to the total revenue, respectively.

The following table sets forth a breakdown of our revenue by type of services for the periods indicated:

	Year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	<b>259,197</b>	<b>77.0%</b>	191,851	73.4%
Property developer related services	<b>43,462</b>	<b>12.9%</b>	45,679	17.5%
Value-added services	<b>34,169</b>	<b>10.1%</b>	23,875	9.1%
Total	<b><u>336,828</u></b>	<b><u>100.0%</u></b>	<b><u>261,405</u></b>	<b><u>100.0%</u></b>

### Property Management Services

The revenue generated from property management services increased by approximately RMB67.3 million year on year, or about 35.1%. Revenue generated from residential properties increased by approximately RMB64.4 million or approximately 49.2%, mainly due to (i) the fully reflected contribution of property management fees from those residential property projects delivered in the second half of 2020; (ii) 3 newly delivered residential properties in the year, which generated a total revenue of approximately RMB4.1 million; and (iii) approximately RMB5.9 million of the property management services revenue was generated from the 15 residential property projects under management by Jiangsu Wanhao, a subsidiary that we newly acquired in the fourth quarter of 2021. Revenue generated from non-residential properties increased slightly by approximately RMB3.0 million or approximately 4.9%, primarily because 2 non-residential properties were newly delivered in the year and the disposal of a subsidiary Tianjin Hongsheng which holds 2 non-residential properties with under expectation performance in order to optimize our properties portfolio under management. The GFA under management increased from 7.6 million sq.m. for the year ended 31 December 2020 to 11.8 million sq.m. for the year ended 31 December 2021.

The following table sets forth a breakdown of our total revenue-bearing GFA and our revenue derived from the property management services by type of properties as at the dates indicated and for the periods indicated:

	As at/Year ended 31 December							
	2021				2020			
	Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue	
	'000 sq.m.	%	RMB'000	%	'000 sq.m.	%	RMB'000	%
Residential properties	10,670	90.3%	195,230	75.3%	6,518	85.3%	130,826	68.2%
Non-residential properties	1,147	9.7%	63,967	24.7%	1,119	14.7%	61,025	31.8%
	<u>11,817</u>	<u>100.0%</u>	<u>259,197</u>	<u>100.0%</u>	<u>7,637</u>	<u>100.0%</u>	<u>191,851</u>	<u>100.0%</u>

The following table sets forth a breakdown of our total revenue-bearing GFA and our revenue derived from property management services by type of property developers as at the dates indicated and for the periods indicated:

	As at/Year ended 31 December							
	2021				2020			
	Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue	
	'000 sq.m.	%	RMB'000	%	'000 sq.m.	%	RMB'000	%
Hongkun Group	9,144	77.4%	245,650	94.8%	7,488	98.0%	185,314	96.6%
Third party property developers	2,673	22.6%	13,547	5.2%	149	2.0%	6,537	3.4%
	<u>11,817</u>	<u>100.0%</u>	<u>259,197</u>	<u>100.0%</u>	<u>7,637</u>	<u>100.0%</u>	<u>191,851</u>	<u>100.0%</u>

The following table sets forth a breakdown of our total revenue-bearing GFA and our revenue derived from property management services by revenue model as at the dates indicated and for the periods indicated:

	As at/Year ended 31 December							
	2021				2020			
	Revenue-bearing GFA '000 sq.m.	%	RMB'000	Revenue %	Revenue-bearing GFA '000 sq.m.	%	RMB'000	Revenue %
Lump sum basis	10,791	91.3%	247,976	95.7%	6,832	89.5%	181,215	94.5%
Commission basis	1,026	8.7%	11,221	4.3%	805	10.5%	10,636	5.5%
	<u>11,817</u>	<u>100.0%</u>	<u>259,197</u>	<u>100.0%</u>	<u>7,637</u>	<u>100.0%</u>	<u>191,851</u>	<u>100.0%</u>

The following table sets forth a breakdown of our total revenue-bearing GFA and our revenue derived from property management services by geographic coverage as at the dates indicated and for the periods indicated:

	As at/Year ended 31 December							
	2021				2020			
	Revenue-bearing GFA '000 sq.m.	%	RMB'000	Revenue %	Revenue-bearing GFA '000 sq.m.	%	RMB'000	Revenue %
Beijing	2,703	22.9%	95,360	36.8%	2,240	29.3%	91,209	47.5%
Tianjin	1,331	11.2%	48,645	18.7%	939	12.3%	22,498	11.7%
Hebei Province	3,426	29.0%	72,535	28.0%	3,100	40.6%	50,954	26.6%
Beijing-Tianjin-Hebei Region	7,460	63.1%	216,540	83.5%	6,279	82.2%	164,661	85.8%
Hainan Province	515	4.3%	8,688	3.4%	511	6.7%	8,410	4.4%
Hubei Province	504	4.3%	13,149	5.1%	428	5.6%	7,868	4.1%
Shaanxi Province	42	0.3%	2,756	1.1%	42	0.5%	2,824	1.5%
Anhui Province	470	4.0%	4,232	1.6%	157	2.1%	2,610	1.4%
Jiangsu Province	2,713	23.0%	12,040	4.6%	128	1.7%	3,003	1.5%
Shanghai	92	0.8%	1,437	0.6%	92	1.2%	2,475	1.3%
Jiangxi Province	21	0.2%	355	0.1%	-	-	-	-
	<u>11,817</u>	<u>100%</u>	<u>259,197</u>	<u>100.0%</u>	<u>7,637</u>	<u>100.0%</u>	<u>191,851</u>	<u>100.0%</u>

## Property Developer Related Services

The revenue generated from property developer related services decreased slightly by approximately RMB2.3 million or about 5.0% from approximately RMB45.7 million for the year ended 31 December 2020 to approximately RMB43.4 million for the year ended 31 December 2021. This was mainly due to the continuing impact of the pandemic which led to a decrease in revenue generated from sales assistance services amounted to approximately RMB6.2 million or approximately 21.9%, which was partly offset by the increase in planning and design consultancy and inspection services fees amounted to approximately RMB2.7 million and the increase in post-delivery maintaining service fee amounted to approximately RMB2.0 million.

The following table sets forth a breakdown of number of property developer related services projects and our revenue derived from property developer related services by geographic coverage as at the dates indicated and for the periods indicated:

	As at/Year ended 31 December					
	2021			2020		
	Number of projects	Revenue <i>RMB'000</i>	%	Number of projects	Revenue <i>RMB'000</i>	%
Beijing	1	4,859	11.2%	7	12,831	28.1%
Tianjin	4	10,676	24.5%	5	6,451	14.1%
Hebei Province	11	21,259	49.0%	11	14,838	32.5%
Beijing-Tianjin-Hebei Region	16	36,794	84.7%	23	34,120	74.7%
Hainan Province	1	951	2.2%	1	305	0.7%
Hubei Province	2	3,086	7.1%	2	4,944	10.8%
Jiangsu Province	1	1,008	2.3%	1	3,810	8.3%
Anhui Province	1	52	0.1%	1	201	0.4%
Guangdong Province	1	1,571	3.6%	1	1,331	2.9%
Shanghai	-	-	-	1	968	2.2%
	<b>22</b>	<b>43,462</b>	<b>100.0%</b>	<b>30</b>	<b>45,679</b>	<b>100.0%</b>



## Value-added Services

The following table sets forth a breakdown of our revenue derived from our value-added services for the periods indicated:

	Year ended 31 December			
	2021		2020	
	Revenue		Revenue	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Home living services ( <i>Note 1</i> )	<b>12,667</b>	<b>37.1%</b>	12,749	53.4%
Leasing of common areas ( <i>Note 2</i> )	<b>20,540</b>	<b>60.1%</b>	10,410	43.6%
Others	<b>962</b>	<b>2.8%</b>	716	3.0%
	<b><u>34,169</u></b>	<b><u>100.0%</u></b>	<b><u>23,875</u></b>	<b><u>100.0%</u></b>

### Notes:

- (1) Our home living services primarily included our collection of electricity tariffs, air-conditioning and heating fees, household repair and maintenance service provided to property owners and residents of our managed residential or non-residential properties.
- (2) Our leasing of common areas primarily represented the leasing of certain common areas of our managed residential or non-residential properties to third-party services providers for setting up advertisement lightboxes, distilled water vending machines, screens in lifts and other facilities.

The revenue generated from value-added services increased significantly by approximately RMB10.3 million or about 43.1% from approximately RMB23.9 million for the year ended 31 December 2020 to approximately RMB34.2 million for the year ended 31 December 2021. The increase was mainly due to (i) the increase of residential properties under management of 18 in the year and an approximate 50.0% increase in the total number of units of approximately 27,000 units of households, and (ii) our Group has allocated more resources include setting up a team to develop the business of value-added services.

## **Cost of Services**

Our cost of services primarily consist of (i) labour costs which arise mainly from the security, cleaning and gardening services; (ii) subcontracting costs; (iii) utility expenses; (iv) office expenses; and (v) maintenance costs.

Our cost of services increased by approximately 24.9% from approximately RMB197.9 million for the year ended 31 December 2020 to approximately RMB247.2 million for the year ended 31 December 2021. This increase was primarily attributable to (i) the continuous increase in number of our projects under management and total revenue-bearing GFA; (ii) the discontinuation of reduction in national social security benefit for employees in 2021; and (iii) the increase in resource investment include setting up a team to develop the business of value-added services.

To maximise our cost and operational efficiency, we outsourced our cleaning, gardening, equipment maintenance, site security services and car park management to Independent Third Party subcontractors. We believe that the subcontracting arrangement allows us to leverage the resources and expertise of the subcontractors, reduce our operating costs, and enhance our overall efficiency and profitability.

## **Gross Profit and Gross Profit Margin**

For the year ended 31 December 2021, the gross profit of the Group was approximately RMB89.6 million, representing an increase of approximately RMB26.1 million or approximately 41.1% as compared to approximately RMB63.5 million for the year ended 31 December 2020. The gross profit margin was 26.6% for the year ended 31 December 2021 and 24.3% for the year ended 31 December 2020. The increase in gross profit margin was mainly due to the significant increase of revenue from value-added services which had relatively high gross profit margin.

## **Selling Expenses and Administrative Expenses**

Our selling and distribution expenses primarily consist of (i) promotional expenses; (ii) salaries and allowances for our sales personnel; and (iii) travelling and entertainment expenses. The total selling expenses of the Group for the year ended 31 December 2021 were approximately RMB1.0 million, representing a decrease of approximately RMB1.3 million or approximately 56.5% as compared with approximately RMB2.3 million for the year ended 31 December 2020. The decrease primarily attributed to to the significant decrease of promotional activities due to the continuously effect of COVID-19 epidemic.

Our administrative expenses primarily consist of (i) salaries and allowances for our administrative and management personnel in our headquarters; (ii) travelling expenses; (iii) professional fees; (iv) lease-related expenses and (v) bank charges.

For the year ended 31 December 2021, the administrative expenses of the Group were approximately RMB43.7 million, representing an increase of approximately RMB10.4 million or approximately 31.2% as compared to approximately RMB33.3 million for the year ended 31 December 2020. This increase was mainly due to (i) the continuous increase in number of our projects under management and total revenue-bearing GFA; (ii) the discontinuation of reduction in national social security benefits for employees in 2021; and (iii) the increase in headcount of our headquarters to cope with our continuous business expansion.

### **Other Income**

For the year ended 31 December 2021, other income of the Group amounted to a net revenue of approximately RMB4.1 million, representing a decrease of approximately RMB4.9 million or about 54.4% as compared to that of approximately RMB9.0 million for the year ended 31 December 2020. The decrease was mainly because no interest income arose from loan receivables in 2021.

### **Income Tax Expense**

For the year ended 31 December 2021, the income tax expense of the Group was approximately RMB13.0 million (2020: approximately RMB11.1 million).

### **Profit for the Year**

For the year ended 31 December 2021, the net profit of the Group was approximately RMB31.2 million, representing an increase of approximately RMB10.4 million or approximately 50.0% as compared to that of approximately RMB20.8 million for the year ended 31 December 2020, which was mainly due to (i) the increase in gross floor area of properties under management by the Group and (ii) the growth in revenue generated from community value-added services.

## **FINANCIAL POSITION**

As at 31 December 2021, the total assets of the Group were approximately RMB469.6 million (as at 31 December 2020: approximately RMB427.8 million), and the total liabilities were approximately RMB205.0 million (as at 31 December 2020: approximately RMB194.4 million). As at 31 December 2021, the current ratio was 1.9 (as at 31 December 2020: 2.1).

As at 31 December 2021 and 31 December 2020, the Group had no outstanding bank borrowings and undrawn banking facilities.

The Board will continue to follow a prudent policy in managing the Group's cash and cash equivalents and maintain a strong liquidity position to ensure that the Group is able to take full advantage of future growth opportunities.

## **Property, Plant and Equipment**

Our property, plant and equipment included (i) our building for our staff quarters; and (ii) our furniture, fixtures and equipment in our office premises and management offices and sites. Our property, plant and equipment was approximately RMB38.0 million as at 31 December 2021, representing an increase of approximately RMB20.2 million or approximately 113.5% as compared with that of approximately RMB17.8 million as at 31 December 2020. It was primarily attributable to the new office acquired in the year with RMB22.8 million, which was partially off set by the depreciation charged for the year ended 31 December 2021. Please refer to the announcement of the Company dated 13 September 2021 for further detail of the acquisition of office.

## **Intangible Assets**

Our intangible assets of approximately RMB18.9 million as at 31 December 2021 representing a significant increase of approximately RMB15.4 million or approximately 440.0% as compared with that of approximately RMB3.5 million as at 31 December 2020. Approximately RMB2.5 million is attributed to the mobile applications, Hongkunhui\* (鴻坤薈) and H-Butler\* (鴻管家) acquired from Hongkun Group in June 2019, which were initially measured at cost of acquisition of RMB5.0 million and subsequently measured at cost less accumulated amortisation (with useful life of five years) and impairment losses and approximately RMB 16.4 million resulted from the acquisition of Jiangsu Wanhao.

## **Right-of-use Assets**

Our right-of-use assets represented our right to use our leased assets (i.e. office premises and staff quarters) with lease terms of over one year, which was initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses under HKFRS 16.

Our right-of-use assets increased by approximately RMB0.4 million or about 50% from approximately RMB0.8 million as at 31 December 2020 to approximately RMB1.2 million as at 31 December 2021.

## **Goodwill**

Our goodwill was approximately RMB29.3 million as at 31 December 2021, representing an increase of approximately RMB27.8 million or approximately 1,853.3% as compared with that of approximately RMB1.5 million as at 31 December 2020. The increase was primarily attributable to the goodwill generated from the acquisition of Jiangsu Wanhao, which was initially measured at cost, being the excess of the total consideration transferred over the net amount of identifiable assets acquired and the liabilities assumed arising from the acquisition of Jiangsu Wanhao, and partially offset by the decrease of goodwill from disposal of Tianjing Hongsing.

## **Trade and Other Receivables**

Our trade and other receivables increased by approximately RMB71.6 million or about 192.5% from approximately RMB37.2 million as at 31 December 2020 to approximately RMB108.8 million as at 31 December 2021 mainly due to the increase in our trade receivables. Our trade receivables increased by approximately RMB18.8 million from approximately RMB29.2 million as at 31 December 2020 to approximately RMB48.0 million as at 31 December 2021 mainly due to the continuous growth in our business, in which approximately RMB5.9 million of our trade receivables are attributed to Jiangsu Wanhao which is newly acquired in the year. Approximately RMB23.6 million of our trade receivables as at 31 December 2021 had been recovered as at the date of this announcement. And the Group has entered into a sole agent service agreement to facilitate the sale of car park spaces and paid the deposits to secure the sole agent status. Pursuant to the relevant agreement, the amount shall be refunded within twelve months from the end of reporting period. As at 31 December 2021, the balance was approximately RMB38.5 million.

## **Amounts due from Related Parties and Fellow Subsidiaries**

### ***Trade nature amounts due from fellow subsidiaries***

Our trade nature amounts due from fellow subsidiaries mainly represented the outstanding balances to be received from the Parent Group mainly in respect of the provisions of our property management services and property developer related services.

Our trade nature amounts due from fellow subsidiaries increased by approximately RMB27.4 million or about 35.4% from approximately RMB77.3 million as at 31 December 2020 to approximately RMB104.7 million as at 31 December 2021.

### ***Non-trade nature amounts due from fellow subsidiaries***

Our non-trade nature amounts due from fellow subsidiaries of approximately RMB11.3 million and RMB1.6 million as at 31 December 2020 and 2021 respectively. The amount mainly represented the deposit paid to the fellow subsidiary to secure the sole agent status of the sale of car park spaces. Pursuant to the relevant agreement, the amount shall be refunded upon completion of the sale. The balances were unsecured interest free and repayable on demand.

The Directors confirmed that, other than the above-mentioned security deposit arising from the acquisition of business, we do not have any non-trading related balances with related parties (including our fellow subsidiaries) after the Listing.

## **Trade and Other Payables**

As at 31 December 2021, the trade and other payables were approximately RMB116.7 million, representing a slightly decrease of approximately RMB8.8 million or about 7.0% as compared to that of approximately RMB125.5 million as at 31 December 2020. In which our account payables were approximately RMB37.0 million, representing a slightly decrease of approximately RMB0.8 million or about 2.1% as compared to that of approximately RMB37.8 million as at 31 December 2020. As the increasing weighting of subcontracting cost, we have restored the settlement speed of supplier as that before the COVID-19 epidemic, in order to maintain the relationship with suppliers and bargain better price.

## **Contract Liabilities**

Our contract liabilities primarily represented the payments in advance from our customers for the provision of our property management services because pursuant to the property management service agreements, we usually charge a fixed amount of fees by issuing demand notes to property owners and residents, which are generally required to be paid in advance on an annual basis for residential properties and a monthly or quarterly basis for non-residential properties. Our contract liabilities increased by approximately RMB13.3 million or about 19.6% to approximately RMB81.2 million as at 31 December 2021 (as at 31 December 2020: approximately RMB67.9 million), which was mainly due to the increase of 18 residential properties under management in the year.

## **Asset Pledged**

As at 31 December 2021, none of the assets of the Group was pledged.

## **Proceeds from the Listing**

The Shares were listed on the Main Board of the Stock Exchange on 13 March 2020 and 100,000,000 new Shares were issued. The over-allotment option was partially exercised and 5,310,000 new Shares were issued on 3 April 2020. After deducting the underwriting fees and relevant expenses, net proceeds from the Listing amounted to approximately HK\$129.4 million (equivalent to approximately RMB116.2 million). The net proceeds from the Listing were higher than that stated in the Prospectus, due to a higher final issue price than the median of the range of offer prices stated in the Prospectus and lower-than-expected underwriting fees. Such proceeds will be applied in the manner consistent with that in the Prospectus which is detailed as follows:

Intended use	Disclosure in the Prospectus			
	Approximate net proceeds utilised (HK\$ million)	Approximate percentage	Proceeds planned to be utilised in 2020 (HK\$ million)	Proceeds planned to be utilised in 2021 (HK\$ million)
Expansion of geographic presence and scale of operations in the PRC	64.4	65.0%	61.3	3.1
Development and enhancement of our information system and technological initiatives	12.9	13.0%	12.9	–
Expansion of our value-added services	9.9	10.0%	4.7	5.2
Staff development	2.0	2.0%	2.0	–
General working capital	9.8	10.0%	–	–
<b>Total</b>	<b>99.0</b>	<b>100.0%</b>	<b>80.9</b>	<b>8.3</b>

Due to the abovementioned reasons, the net proceeds from the Listing increased to HK\$129.4 million and therefore our expected usage increased proportionately as follows:

As at 31 December 2021					
Intended use	Actual amount of net proceeds (HK\$ Million)	Approximate percentage	Proceeds utilised (HK\$ million)	Proceeds not yet utilised (HK\$ million)	Proceeds planned to be utilised in 2022 (HK\$ million)
Expansion of geographic presence and scale of operations the PRC	84.1	65.0%	47.0	37.1	37.1
Development and enhancement of our information system and technological initiatives	16.9	13.0%	0.7	16.2	16.2
Expansion of our value-added services	12.9	10.0%	3.4	9.5	9.5
Staff development	2.6	2.0%	–	2.6	2.6
General working capital	12.9	10.0%	5.7	7.2	7.2
<b>Total</b>	<b>129.4</b>	<b>100.0%</b>	<b>56.8</b>	<b>72.6</b>	<b>72.6</b>

As at 31 December 2021, the Company has utilized part of such proceeds according to the use as set out in the Prospectus. Approximately RMB47.0 million, representing approximately 36.3% of the actual amount of net proceeds, was utilized for expansion of geographic presence and scale of operations the PRC, including acquiring Jiansu Wanhao; approximately RMB0.7 million, representing approximately 0.5% of the actual amount of net proceeds, was utilized for development and enhancement of our information system and technological initiatives, include building up a resident communication database; approximately RMB3.4 million, representing approximately 2.6% of the actual amount of net proceeds, was utilized for expansion of our value-added service, include setting up a business development team; and approximately RMB5.7 million, representing approximately 4.4% of the actual amount of net proceeds, was utilized for the general working capital.

Due to the significant increase in the number of acquisitions in the property management industry currently, the uncertainty of acquisition pricing raised, we adopt a more cautious attitude towards the evaluation of acquisition objectives. Therefore, our progress in utilizing the proceeds from listing was delayed comparing with the plan. The expected timeline for utilising the unutilised proceeds will be one year, which is based on our best estimation and will be subject to change in market conditions. The unutilized proceeds as at 31 December 2021 were deposited in the bank accounts.

### **Significant Acquisitions and Disposals**

On 24 September 2021, Beijing HongKun (a direct wholly-owned subsidiary of the Company) and Beijing Lianyou Enterprise Consulting Company Limited\* (北京聯優企業諮詢有限公司) (“**Beijing Lianyou**”) entered into a sale and purchase agreement, pursuant to which Beijing Lianyou agreed to dispose of, and Beijing HongKun agreed to acquire, 100% of the equity interest in Jiangsu Wanhao. The consideration for the acquisition was RMB47.0 million (equivalent to approximately HK\$56.6 million). Please refer to the announcement of the Company dated 24 September 2021 for further details.

Upon completion of the acquisition, Jiangsu Wanhao has become an indirect wholly-owned subsidiary of the Company and its results have been consolidated into the Group’s results since October 2021.

### **Significant Investments**

As at 31 December 2021, the Group did not have any significant investments.

### **ANNUAL GENERAL MEETING**

The 2022 AGM will be held on Tuesday, 31 May 2022 and the notice of the 2022 AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.



## **DIVIDEND**

No final dividend was recommended by the Board for the year ended 31 December 2021.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no significant events after 31 December 2021 and up to the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2021, the Group had a total of 792 employees. Staff costs for the year ended 31 December 2021 amounted to approximately RMB98.6 million.

The Company's policy for determining the remuneration payable to Directors is based on the skills, knowledge, involvement and performance of individual Directors, with reference to the Company's profitability, the level of remuneration in the industry and prevailing market conditions. To ensure that the remuneration committee of the Company can better advise on the Group's future remuneration policies and related strategies, the remuneration committee of the Company is informed of the Group's existing remuneration policies and succession plans (e.g. guidelines for determining staff remuneration packages and relevant market trends and information).

In accordance with the relevant PRC laws and regulations, the Group contributes to the PRC social security fund (including pension insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance) and housing provident fund for its PRC employees. The Group's full-time employees in the PRC participate in a number of government-sponsored defined contribution retirement schemes under which employees are entitled to a monthly pension calculated according to certain formulas. The relevant government agencies assume the responsibility of pension payments to these retired employees. The Group makes monthly contributions to these pension schemes. Under these schemes, the Group has no obligation for post-retirement benefits other than the contributions made. Contributions to these schemes are expensed as incurred and contributions made to these defined contribution pension schemes on behalf of an employee cannot be used to reduce the Group's future obligations under these defined contribution pension schemes even if the employee leaves the Group.

## **CORPORATE GOVERNANCE CODE**

The Board is committed to achieving high standards of corporate governance.

The Board believes that high standards of corporate governance are key to the Group's ability to protect Shareholders' interests, enhance corporate value, develop business strategies and policies, and improve transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis for the Company's corporate governance practices. The Company has also established a corporate governance framework and has developed a set of policies and procedures in accordance with the Corporate Governance Code. These policies and procedures provide the basis for strengthening the Board's ability to exercise governance and provide appropriate oversight of the business conduct and affairs of the Company.

During the year ended 31 December 2021, the Company has complied with all applicable code provisions set out in the Corporate Governance Code, except for the deviation from code provision C.2.1 (previous code provision A.2.1) of the Corporate Governance Code. Code provision C.2.1 (previous code provision A.2.1) of the Corporate Governance Code requires that the roles of the chairman of the Board and the chief executive officer should be separate and should not be performed by the same individual.

Ms. Wu Guoqing is the General Manager of Beijing Hongkun and is involved in the day-to-day management of our business. Although she does not hold the title of Chief Executive Officer, she can be regarded as the de facto Chief Executive Officer of the Group. She is also the Chairman of the Board. Ms. Wu has been responsible for the overall management, strategic planning and day-to-day business operations of the Group. The Board believes that at this stage of the Group's development, having the roles of both the Chairman and the Chief Executive Officer in the same person brings strong and consistent leadership to the Company for effective and efficient planning and implementation of business decisions and strategies. Accordingly, the Directors consider it is appropriate and reasonable to deviate from code provision C.2.1 (previous code provision A.2.1) of the Corporate Governance Code. However, it is the Company's long term objective to have different individuals in the two roles when suitable candidates are identified.

The Group will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as its own code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiries of all Directors and all Directors confirmed that they have complied with the Model Code during the year ended 31 December 2021.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

## **AUDIT COMMITTEE**

The Audit Committee, comprising Mr. Chan Cheong Tat as chairman as well as Mr. Cheung Wai Hung, Ms. Chen Weijie and Mr. Leung Ka Wo as members, has reviewed, together with the management, the accounting principles and practices adopted by the Group and discussed risk management, internal control, auditing and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2021.

## **SCOPE OF WORK OF CROWE (HK) CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement are in line with the Group's audited consolidated financial statements for the year and have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hongkunjwuye.com](http://www.hongkunjwuye.com)). The annual report of the Company for the year ended 31 December 2021 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	annual general meeting of the Company
“Audit Committee”	a committee of the Board established by the Board for the purpose of overseeing the accounting and financial reporting procedures of the Company and audits of the financial statements of the Company
“Beijing Hongkun”	Beijing Hongkun Ruibang Property Management Company Limited* (北京鴻坤瑞邦物業管理有限公司), a limited liability company established under the laws of the PRC on 18 June 2003 and a wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“Company”	Ye Xing Group Holdings Limited (燁星集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 26 March 2019
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”, “we”, “us” or “our”	the Company, its subsidiaries and entities under the Company’s control through contractual arrangements in the PRC

“Hongkun Group”	Hongkun Jituan Company Limited* (鴻坤集團有限公司) and its subsidiaries, associated companies and joint ventures
“Independent Third Party”	third party who is not connected with any of our Directors or our controlling Shareholders or any of our subsidiaries or any of our respective associates (within the meaning of the Listing Rules)
“Jiangsu Wanhao”	Jiangsu Wanhao Property Management Co., Ltd.* (江蘇萬豪物業服務有限公司), a limited liability company incorporated in the PRC on 24 September 2003
“Listing”	the listing of the Shares on the Stock Exchange on 13 March 2020
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Parent Group”	Beijing Herun Asset Management Company Limited* (北京合潤資產管理有限公司) and its subsidiaries, associated companies and joint ventures
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus dated 28 February 2020 issued by the Company in relation to the listing of its Shares on the Main Board of the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Tianjin Hongsheng”

Tianjin Hongsheng Property Services Company Limited\* (天津鴻盛物業服務有限公司), a limited liability company established under the laws of the PRC on 27 December 2013

\* *For identification purpose only*

By Order of the Board  
**Ye Xing Group Holdings Limited**  
**Wu Guoqing**  
*Chairman and executive Director*

Hong Kong, 29 March 2022

*As at the date of this announcement, the Board comprises Ms. Wu Guoqing, Mr. Zhao Weihao, Ms. Li Yin Ping and Ms. Zhang Chunying as executive Directors; Mr. Li Yifan as non-executive Director; and Mr. Cheung Wai Hung, Mr. Chan Cheong Tat, Ms. Chen Weijie and Mr. Leung Ka Wo as independent non-executive Directors.*